

DRAFT MEETING SUMMARY (v.2)

DRAFT - NOT APPROVED BY COMMITTEE

**HANFORD ADVISORY BOARD
BUDGETS AND CONTRACTS COMMITTEE
October 9, 2001
Richland, WA**

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This is only a summary of issues and actions in this meeting. It may not represent the fullness of ideas discussed or opinions given, and should not be used as a substitute for actual public involvement or public comment on any particular topic unless specifically identified as such.

Introduction and Committee Business

Harold Heacock, Chair, opened the meeting and attendees introduced themselves. The committee then approved the June meeting summaries from the BCC and BCC joint with Tank Waste Committee meetings.

FY 2002 Budget Update

Janis Ward, Department of Energy – Richland Operations Office (DOE-RL) distributed a handout and updated the committee on the fiscal year 2002 (FY02) budget. Currently the FY02 budget is operating under continuing resolution, which allows for spending about 4% above the FY01 budget. Both the Defense Authorization Bill and the Energy & Water Appropriations Bill have been passed by the House and the Senate. DOE-RL has heard that the Senate would give it funding at the Hanford 2012 level (\$760 million). The House and Senate are about 20 million apart (\$764 vs. \$744 million), but both are higher than the FY01 funding level. The Authorization Bill has less funding than the Energy & Water Appropriations Bill, but the Senate version added \$105 million. Both the House and Senate bills are lower than the Appropriations Bill. DOE-HQ does not think the events in September would have an impact on FY02 appropriations. After DOE-HQ receives the appropriation, it will be allocated to the field offices and DOE-RL will likely learn its final funding in late November.

Bob Rosselli, DOE-RL, commented that it was highly likely that the Appropriations Bill would be passed and the Authorization Bill will likely be the final budget. All indications

are positive that DOE-RL will not receive the \$580 million case. Bob Rosselli added that another hopeful indicator about the budget is the Administration's desire to stimulate the economy.

Committee Discussion/Questions

- Will the employment level on the site change if you receive the target funding scenario? Jennifer Sands, Department of Energy Office of River Protection, answered that Assistant Secretary Jessie Roberson gave DOE-ORP and DOE-RL staffing numbers to achieve by the end of FY02 of around 4500. Bob Rosselli added that the perception at DOE-HQ is that Hanford would have more staff. Jennifer Sands reported that the bill going through now called for 168 Full Time Equivalents (FTE) while another letter said 109. Currently the FTE at DOE-ORP is 131. DOE-ORP had planned to continue hiring, but now might have a disconnect. However, both the House and Senate passed \$1.35 billion for DOE-ORP, so unless something strange happens in conference, DOE-ORP should get that.
- Will the TPA be changed? Dennis Faulk, EPA, answered that everyone would have to wait and see. (Joy Turner attended a portion of the meeting by phone, but was yet not in attendance to respond to this question.)
- Bob Rosselli commented that the FY03 budget has been submitted but DOE-RL does not what the numbers are. He warned that the FY03 budget process might be as nebulous as FY02. DOE-RL hopes to have more information around Thanksgiving.
- How will the River Corridor contract be affected by the budget? Bob Rosselli answered that DOE-RL is still having discussions with DOE-HQ about the form and content of the contract. There is a possibility DOE-RL could issue an RFP by the end of October, but that isn't confirmed.

Jim Rassmussen, DOE-ORP, distributed a list of DOE-ORP's TPA milestones and their status in FY01. DOE-ORP met 27 of 29 milestones. Of the two missed, one was enforceable and one non-enforceable. The S102 pumping milestone was delayed due to pump problems, but the ultimate stabilization milestone should stay on schedule. DOE-ORP missed the start date of construction for the vitrification facility, but submitted a recovery plan on October 1st. Within the recovery plan many activities are closely coupled, which means activities run in parallel instead of in sequence. A P3 schedule in the recovery plan shows the critical path and coupling that will allow DOE-ORP to meet its 2007 milestone for hot commissioning. The recovery plan assumes full project funding.

Committee Discussion/Questions

- Why wasn't work planned to be this efficient originally? Jim Rassmussen answered that the timeframes have shrunk. DOE-ORP is back on schedule, but one efficiency is the parallel activities. He noted that the recovery plan has not yet been approved.
- Has Ecology determined that any milestone submittals from DOE-ORP may not have met requirements? Joy Turner, Ecology, explained that Ecology only recently received the recovery plan; she did not know when the review would be complete.

- Are there milestone deliverables that have not been met other than SY102 or construction? Jim Rassmussen answered no and explained that although DOE-ORP submits reports, they have not necessarily been approved.

Budget Process Document

Harold announced that Denny Newland, one of the Issue Managers, along with Gerry Pollet and Maynard Plahuta, leading the effort to draft a Budget Process guideline, has changed jobs and could not attend the committee meeting.

A committee member expressed concern about whether issue managers who convey information from DOE to the rest of the committee are in a sense representing DOE. He also commented that the budget process is good and will require a lot of effort by issue managers. The committee also discussed working with other committees to avoid multiple presentations from DOE. The committee discussed the nuances between when briefings are appropriate for issue managers and when committee presentations are more preferable. It was agreed that issue managers should not frame issues on behalf of the full HAB. The committee decided the role of issue managers should be more fully discussed among the Executive Issue Managers Group (EIMG) and full HAB. Perhaps a white paper guide could be drafted.

There was some discussion about whether there were revisions agreed to at the September HAB meeting that were not reflected in the document reviewed by the committee. Susan Wright agreed to follow up with Denny Newland to find out.

October

Jennifer Sands, DOE-ORP, said DOE-ORP must make FY01 Performance Incentives decision by December 15th; a briefing could follow. For FY02 there are multi-year incentives and no decision has been made to look at that or not. She offered to bring the procurement department to the committee for more details.

A committee member asked whether DOE-ORP's recovery plan will affect the performance incentives for Bechtel and CHG? Jennifer Sands answered that the recovery plan is consistent with the contracts. Harold clarified that Bechtel National is not under an incentive program, since it has cost and schedule incentives.

Bob Rosselli asked for clarification of the DOE October briefing about alternatives still available for the current fiscal year. Harold explained that the purpose is to discuss the discretionary ability of DOE-RL to allocate money to separate projects. Bob Rosselli clarified that until DOE-RL knows its allotment it could not make adjustments, so having that discussion in October would be speculative. The committee agreed to change the timing of that discussion to October, if possible, and otherwise it would occur in November or December.

The committee also decided to design the budget process document as a general guide, to be modified each year as necessary. In that sense, the committee agreed to treat the bullets as sequential steps.

November

The committee changed “workshops” to “committee meeting or briefing” to emphasize that the process works within the committee structure. In order to do come up with alternatives, the committee decided it needs to be aware of disconnects. Since a matrix of TPA disconnects was produced for FY01 for the C3T effort, the committee could request that the matrix be updated each year. In addition, in November DOE could provide assumptions on multi-year funding scenarios. The committee changed the issue manager work into committee updates, although the issue managers would need to be involved. The issue managers would work with DOE-RL, DOE-ORP, and the regulators to review the baseline and develop an agenda in advance, but not do the substance.

December

At the full committee meeting, there would be an iterative process in which the work approved by the committee would be proposed to the full board. It was clarified that DOE receives information from the contractors and the contractors enter budget preparation information into the P3 computer program under DOE’s direction. Dennis Faulk mentioned that the document does not give the impression that DOE has taken control of the process.

Harold suggested including a generic analysis of the budget process and the TPA. Bob Rosselli noted that the C3T process is about alignment, and if successful, there will not be any misalignment. There could be an annual update on that point. Jennifer Sands, DOE-ORP, said DOE-ORP intends for that work to be performed and would be able to present that information to the committee. Dennis Faulk explained that under a normal budget year, the new detailed work plan would have been worked through in August and September. The generic process will include an October review of a) TPA disconnects in the closed fiscal year and b) projected disconnects for the new fiscal year.

Dennis Faulk suggested the BCC committee work with the PIC committee to define a larger public involvement process, including planning for the March budget meetings in December.

January

Jennifer Sands suggested adding a final briefing on the past fiscal year. The committee also added a bounding range to the dates when DOE-RL is capable of sharing budget information with the HAB.

February

The committee will leave the word “workshop” in the February item since DOE would present the information.

No changes were made to the items for March, April, or May.

Susan will update the matrix and distributed it to committee members, regulators, and agency representatives for review. There will be one document that contains the generic process and one that is specific to FY02.

DOE-ORP Baseline Update

Pete Furlong, DOE-ORP, reported that DOE-ORP undertook a major realignment of the Work Breakdown Structure (WBS), which is how DOE-ORP does its work and asks for funds. Pete walked the committee through those changes, noting that DOE-ORP has aligned the funding, work, and WBS. In addition, DOE-ORP has received a River Protection Project (RPP) baseline, so now there are integrated baselines from CH2MHill Hanford Group (CHG) and Bechtel National Incorporated (BNI). Every month the RPP contractors report to DOE-ORP (as a deliverable) about the status of critical path activities.

Another handout showed how the old and revised PBS structures are related.

Regulator Perspectives

Dennis Faulk had no comment.

Committee Discussion

- The committee appreciates the transparency and applauds the new baseline.
- One committee member expressed appreciation that true overhead costs are now separated, since previously some overheads were part of the job and thus were vulnerable to budget problems. Pete Furlong agreed; reducing management costs used to also mean cutting Environmental Safety & Health and CHG's profit fee so nothing could be accomplished. Those budget items were renamed to save them.
- A committee member asked about WBS 5.06.06.02, which provides Hanford Site Services – is that a service of DOE-RL? Jennifer Sands, DOE-ORP, explained that it is DOE-ORP's portion of the site services it uses, such as certain roads.
- Is the Single Shell Tank (SST) Consent decree categorized under retrieval or storage of waste? SST interim stabilization remains categorized under Storage of Waste.

Central Plateau

Harold Heacock introduced this agenda item by explaining that several studies are determining priorities for work in the Central Plateau, including the Cleanup, Challenges, and Constraints Team (C3T). The purpose of this agenda item is to identify the BCC committee's questions, concerns, and work either completed or in progress relating to the Central Plateau. This information will then be brought to the full HAB meeting in November. He suggested that End States are more appropriately discussed in the RAP committee.

C3T Meeting Report

Gerry Pollet gave a brief report on a C3T meeting he attended as an observer on behalf of the HAB with Susan Leckband and Todd. The topics of concern to the BCC committee were a discussion of changing prioritization in the TPA (and therefore baselines in budgets) for scheduling in the 100, 200, and 300 Areas. In addition, Tom Fitzsimmons and Keith Klein made a specific decision to present to Assistant Secretary of Energy Jessie Roberson an Agreement in Principle between the three agencies for all cleanup work on 45 miles of the Hanford Reach. Dennis Faulk, EPA, clarified that the agencies want an Agreement in Principle about how to conduct the relevant TPA negotiations; Gerry disputed that that was the stated goal.

Harold Heacock commented that the C3T process is Hanford's approach to preemptively review itself to avoid schedule delays due to DOE-HQ's top-to-bottom review. This was based on comments Jessie Roberson reportedly made to Keith Klein.

Gerry Pollet expressed the opinion that there were two results of the C3T meeting. First, Tom Fitzsimmons suggested a public meeting, but others said a public meeting was premature since participants are unclear on the purpose of the meeting. Second, a definitive list of disconnects between the TPA, contracts, and baselines was distributed.

Gerry expressed concern that no public involvement has occurred with the proposed Agreement in Principle to change the TPA milestone schedules and trade offs for the 100, 200, and 300 Areas. He was particularly concerned that the Agreement might be more than just the description of a process on how to renegotiate the milestones. He was also concerned about the cleanup of the Hanford Reach. He noted that there are differences between the views of the public, tribes, and DOE regarding the design of a public involvement process.

Dennis Faulk, EPA, explained that the C3T process started so the leaders of DOE-RL and DOE-ORP could demonstrate to DOE-HQ that Hanford has a clear cleanup plan. The EPA has long wanted a complete list of the disconnects between the TPA and contracts for years. Such a list now exists and could serve as a basis for negotiations. Regarding the scope of Central Plateau work, Dennis suggested completing the work of the Future Site Uses Working Group (FSUWG) and developing an Agreement in Principle. He also felt that a tentative agreement would help the site achieve funding for the FY04 budget process.

BCC Committee Central Plateau Issues

Listed below are the questions, areas of concern, committee work done/in progress, and issues for other committees.

BCC Questions

- What work is happening on the Central Plateau currently?
- What is the C3T process?
 - What is desired – end product(s)?
- Can you set end states without funding characterization?
- Whose brainchild is the C3T process?
- What is the decision process?

- What is “investment strategy” from 9/27/01 letter to R. Gay?
- Why so little effort of efficiencies, productivity & cost savings? 1/2
- What is the HAB process to deal with these issues?
- Is this a HAB process?
- How will HAB views be incorporated?

BCC Areas of Concern

- TPA, Baseline and Budget Changes
- Work prioritization
- TPA/Contract/Baseline Disconnects
- Agreements to change TPA milestones
- River Corridor Contract terms
- Work sequence 2/2
- TPA compliance
- Costs associated with various scenarios/end states
- Site-wide consequences & priorities
- Sponsors of C3T process should define product(s).
- Follow CP strategy
- HAB involvement in the Central Plateau & C3T processes. 2/3

BCC Work Done/In Progress

- Baseline review
- Budget review
- TPA compliance

Other (Non-BCC) Questions

- Where is the public involvement?
- Cleanup standards/future land use
- Solid waste EIS

Work Planning

Susan Wright will notify Todd Martin and the HAB leadership group that this committee has concerns about better defining the roles of issue managers. Topics identified for future meetings include issue manager roles, a briefing on the TPA disconnect chart, the letter from Ecology to DOE-RL disapproving the change order to the TPA, and possibly a development in the Allied Technology Group (ATG) issue.

Handouts

- Listing of Issues and Disconnects Received Prior to October 5th C3T Workshop, October 9, 2001
- Draft Major Disconnects, September 18, 2001 & Team #1 – 100 Area (Reactors ISS, ERDF, Spent Nuclear Fuel), September 27, 2001
- PBS Structure Commencing in FY 2002 – Current Vs. Proposed PBS Crosswalk, August 29, 2001
- Baseline Accomplishments, Work Breakdown Structure, and River Protection Project Functional Logic Diagram, October 9, 2001
- Letter to HAB – Draft Proposal for HAB input into DOE budget preparation, Harold Heacock, Denny Newland, Maynard Plahuta, and Gerry Pollet, August 28, 2001

- FY 2002 Budget Update, Janis Ward, October 9, 2001
- ORP TPA FY 2001 Summary, October 9, 2001
- Letter to Keith Klein – Disapproval of U.S. DOE Hanford Federal Facility Agreement and Consent Order (HFFACO), Change Requests M-13-01-02 and M-16-01-04, dated September 17, 2001, Charles Findley and Tom Fitzsimmons, October 5, 2001
- Letter to Richard Gay – C3T Workshop II: Eliminating Constraints to Hanford Cleanup, Michael Schlender, September 24, 2001
- Draft Budgets and Contracts Committee Meeting Agenda, October 9, 2001
- Letter to HAB – Draft Proposal for HAB input into DOE budget preparation, Harold Heacock, August 29, 2001

Attendees

HAB Members and Alternates

Jim Cochran	Harold Heacock	Gerry Pollet
Jim Curdy	Bob Larson	Joe Richards
Abe Greenburg	Jeff Luke	Keith Smith
Jim Hagar	Maynard Plahuta	Dave Watrous

Others

Rich Holten, DOE-RL	Joy Turner, Ecology (phone)	Christina Richmond, EnviroIssues
Bob Rosselli, DOE-RL	Dennis Faulk, EPA	Susan Wright, EnviroIssues
Janis Ward, DOE-RL		Barb Wise, FH
Jim Rasmussen, DOE-ORP		Peter Bengtson, PNNL
Jennifer Sands, DOE-ORP		John Stang, Tri-Cities Herald